Message Text

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INFO OCT-01 EUR-12 ISO-00 CIAE-00 PM-04 H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05 ACDA-07 EB-08 OMB-01 TRSE-00 ARAE-00 IO-13 MC-02 IGA-02 /106 W

-----081523Z 072881 /45

P R 081235Z MAR 77
FM AMEMBASSY QUITO
TO SECSTATE WASHDC PRIORITY 3446
INFO AMEMBASSY BOGOTA
AMEMBASSY LIMA
Z/AMEMBASSY LA PAZ 855
AMEMBASSY SANTIAGO
AMEMBASSY OTTAWA
AMCONSUL GUAYAQUIL
DIA WASHDC

CONFIDENTIAL QUITO 1525

E.O. 11652: GDS TAGS: PFOR EC

SUBJ: HIGH GOE OFFICIAL DISCUSSES PERU

REF: QUITO 1486

1. POLCOUNS AND NAVATT CALLED ON CAPT (NAVY) VICTOR HUGO GARCES, SECRETARY GENERAL FOR PUBLIC ADMINISTRATION (CHEF DU CABINET) AND RIGHT-HAND MAN OF CHIEF OF SUPREME COUNCIL ADMIRAL ALFREDO POVEDA, ON MARCH 7 TO DISCUSS RECENT ECUADOREAN DIPLOMAT MOVES. GARCES STATED THAT FEB. 25 PUTUMAYO RIVER SUMMIT BETWEEN PRESIDENT LOPEZ OF COLOMBIA AND ECUADOR'S RULING TRIUMVIRATE WAS PUT TOGETHER AT THE LAST MINUTE FOR THE EXPRESS PURPOSE OF GIVING SIGNALS TO PERU THAT ECUADOR'S RELATIONS WITH ITS OTHER IMMEDIATE NEIGHBOR WERE IN EXCELLENT CONDITION. GARCES SAID THAT THE GOE HOPED THAT PERU WOULD BE DISSUADED FROM EMBARKING ON ANY MILITARY ADCONFIDENTIAL.

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VENTURES THROUGH SUCH DEMONSTRATIONS OF INTERNATIONAL SOLIDARITY.

2. GARCES REVEALED THAT THE PERU ARMS BUILD UP HAD BEEN DISCUSSED BY THE CHIEFS OF STATE AT PUTUMAYO ON ECUADOR'S INITIATIVE. HE SAID THAT LOPEZ HAD RESPONDED BY ACKNOWLEDGING THAT HE WAS ALSO APPREHENSIVE ABOUT PERU'S INTENTIONS

AND WAS REVIEWING HIS OWN WEAPONS NEEDS AS A RESULT. GARCES INDICATED THAT ECUADOR WAS EXTREMELY PLEASED BY LOPEZ REACTION.

- 3. ASKED ABOUT THE VISIT OF TEODORO BUSTAMANTE, A HIGH FONOFF ADVISOR, TO LIMA A FEW WEEKS AGO WHICH LED TO MUTUAL EXPRESSIONS OF PEACE, GARCES EXPLAINED THAT IN VIEW OF THE DECEMBER WAR SCARE IT BEHOOVED BOTH SIDES TO REDUCE OVERT TENSIONS TO A NORMAL LEVEL. HOWEVER, GARCES CAUTIONED THAT SUCH BILATERAL APPROACHES SHOULD BE CONSIDERED AS "PURE THEATRE" SINCE THE REAL CAUSE OF ANXIETY, PERU'S ARMS ACQUISITIONS, AND ITS ULTIMATE INTENTIONS, WERE NOT SUSCEPTIBLE TO RESOLUTION THROUGH SUCH DIPLOMATIC EXPRESSIONS. GARCES SUGGESTED THAT PERU HAD INITIATED A DIPLOMATIC CAMPAIGN TO REASSURE THE REGION OF ITS NON-BELLICOSE INTENTIONS, BUT THAT SUCH MOVES COULD SERVE PERU'S ULTERIOR PURPOSE BY LULLING ITS NEIGHBORS INTO A SENSE OF FALSE SECURITY.
- 4. GARCES ARGUED THAT PERU'S ACTIONS SOPKE LOUDER THAN WORDS AND, AS AN EXAMPLE, POINTED TO AN INTELLIGENCE REPORT ON HIS DESK WHICH ALLEGED THAT PERU WAS CURRENTLY NEGOTIATING A \$100 MILLION ARMS DEAL WITH CANADA. ACCORDING TO THE REPORT, A PERU DELEGATION HAD BEEN IN CANADA RECENTLY AND HAD SPOKEN TO MANUFACTURERS, BANKERS, AND GOVERNMENT OFFICIALS ABOUT ESTABLISHING A MUNITIONS PLANT IN PERU FOR MANUFACTURE OF ARTILLERY AMMUNITION, PLUS THE PURCHASE OF COMMUNICATIONS EQUIPMENT AND AIRCRAFT. HE UNDERSTOOD THAT THE CANADIAN FOREIGN MINISTER WOULD TRAVEL TO LIMA SHORTLY TO DISCUSS THE DEAL. CONFIDENTIAL

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